

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES OF)
GENERAL TELEPHONE COMPANY) CASE NO. 8045
OF KENTUCKY)

O R D E R

On April 23, 1982, General Telephone Company of Kentucky ("General") filed revised tariff sheets with the Commission to implement the second phase of its expensing of station connections pursuant to the Commission's Order entered September 4, 1981, authorizing it to file tariffs annually to recover increased costs related to the Commission's adoption of the expensing of station connections under the 4-year phase-in plan. By Order entered May 12, 1982, the proposed tariffs were suspended for 5 months effective May 15, 1982, to allow the Commission to investigate the reasonableness of the rates and charges. All parties of interest were notified and no protests were entered.

The Commission's Order of September 4, 1981, granted General the opportunity to file tariffs annually to recover the increased expense but provided that the Commission would investigate General's ability to absorb any of the increased cost based on the return on equity approved in its most recent rate case. The Commission's Order dated May 5, 1982, in South Central Bell

Telephone Company's case concerning its second phase of expensing station connections provided further clarification of the Commission's guidelines and intent regarding the test for absorption potential. General's exhibits filed with the notice in this case have been examined, and the Commission has determined that the information set forth therein complies with the Commission's criteria established to determine absorption potential.

FINDINGS AND ORDER

The Commission, after consideration of this matter and being advised, is of the opinion and finds that:

1) The adjusted return on equity for the 12 months ending February 28, 1982, as computed from Attachment II of General's notice, is approximately 13.46 percent.

2) Absorption of any portion of the increased operating costs caused by the expensing of station connections would materially impair General's ability to earn the 13.75 percent stated return on equity authorized by the Order entered September 4, 1981, in this case.

3) The station connection charges proposed by General are compensatory and will provide revenues to offset increased operating costs caused by the expensing of station connections. The revenues required to offset the increased expenses pursuant to the change in station connection accounting under the second year of the 4-year phase-in are \$946,179.

4) The rates and charges in Appendix A, as proposed by General, are fair, just and reasonable rates and charges for General to charge its customers for service connections.

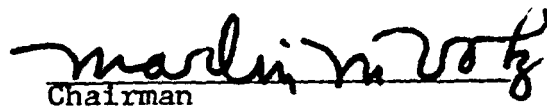
IT IS THEREFORE ORDERED that effective with the date of this Order, General be and it hereby is authorized to place into effect the rates and charges in Appendix A.

IT IS FURTHER ORDERED that within 20 days of the date of this Order, General shall file its tariffs based on Appendix A of this Order in accordance with the regulations of the Commission.

IT IS FURTHER ORDERED that all other provisions of the Commission's Order entered September 4, 1981, shall remain in full force and effect.

Done at Frankfort, Kentucky, this 2nd day of August, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8045 DATED AUGUST 2, 1982

The following rates and charges are prescribed for the customers in the area served by General Telephone Company of Kentucky.

All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

SERVICE CHARGES

	<u>Single Line Business or Residence</u>	<u>Key, PBX, ETSX, Trunks, Tie Lines, Centrex</u>
Service Ordering		
Initial Order, each	\$19.00	\$24.50
Subsequent Order, each	11.00	17.25
Supersedure Order, each	19.00	26.00
Line Connection, each	9.25	15.00
Line Reconnection, each	16.75	22.50
Premises Visit	16.00	20.00
Wiring Charge		
Standard Wiring, per termination	18.00	20.75
Preinstalled Wiring, per order	19.75	100.00
Each outlet, same order	17.50	-
Station Handling Charge, per station	4.75	6.00
Cord Charge		
Non-Standard Line or Handset		
Cords, up to 15 feet, each	5.50	5.50
15 to 25 feet, each	6.50	6.50